

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 7409**

**BILL NUMBER:** SB 537

**NOTE PREPARED:** May 6, 2011

**BILL AMENDED:** Apr 29, 2011

**SUBJECT:** State Museum and Historic Sites.

**FIRST AUTHOR:** Sen. Merritt

**FIRST SPONSOR:** Rep. Saunders

**BILL STATUS:** Enrolled

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** *State Museum and Historic Sites Corporation.* This bill establishes the Indiana State Museum and Historic Sites Corporation as a public body corporate and politic to govern the State Museum and historic sites.

*Board of Trustees.* It establishes the corporation's board of trustees to oversee and govern the corporation. It makes meetings of the board subject to the open meetings law and makes records of the corporation subject to the open records law. The Indiana State Museum and Historic Sites Corporation board of trustees are exempt from the state procurement requirements. It also provides an exception from the procurement statutes for the board's disposition of real and personal property or artifacts for the state museum and historic sites.

*State Museum and Historic Sites Development Fund.* The bill establishes the State Museum and Historic Sites Development Fund. Interest earned on the corporation's investments shall be deposited in the corporation's funds. All earned income accruing to the corporation's fund is appropriated continuously.

*State Museum Foundation.* The bill establishes the State Museum Foundation.

*Personnel.* The board and corporation employees are under the jurisdiction of the Ethics Commission and the executive branch ethics rules. The bill provides that if the board does not develop and adopt a personnel system, employees of the corporation are subject to the state personnel system. The bill requires employees' participation in the Public Employees' Retirement Fund. The bill permits the corporation's employees to participate in the state employee group insurance and other benefit plans.

*Corporation Budget.* The bill specifies that the corporation's proposed budget is subject to the budget statutes governing state agencies if the proposed budget includes funding from the State General Fund. The bill requires prior review of the State Budget Committee and the approval of the Budget Director for obligations to be incurred by the corporation for lands and structures. It requires the chief executive officer of the corporation to report annually to the State Budget Committee concerning the activities, revenues, expenditures, and profits of the museums' shops, facility rentals, and restaurants.

*Memo of Understanding.* The bill requires the executive officer of the corporation to enter into a memorandum of understandings with nonprofit organizations that are recognized supporters of state historic site. It requires the executive officer of the corporation to enter into a memorandum of understandings with (1) the Indiana Department of Transportation; (2) the Department of Correction; and (3) the Department of Natural Resources (DNR).

*Investments.* The bill provides that the board's investments must be consistent with the public funds investment requirements that apply to the Treasurer of State.

*Transition.* The bill includes transitional provisions to transfer the Museum and historic sites functions and funds from the Department of Natural Resources (DNR) to the corporation.

*Repeals.* The bill repeals laws governing the State Museum and historic sites as entities administered by the DNR. It makes conforming changes.

**Effective Date:** July 1, 2011.

**Explanation of State Expenditures:** *Transition.* If the Corporation operates the State Museum and Historic Sites within the existing budgets for the State Museum and Historic Sites, the bill would have minimal impact. The actual expenses of the Corporation will depend on staff hired, personnel policies established, and operating expenses.

Currently, the State Museum employs 68 full-time staff, and the Division of Historic Sites employs 43 full-time staff, for a total of 111 full-time staff. (Total intermittent staff equaled 48.) The budgets for the State Museum and State Historic Sites are outlined below.

<b>State Museum</b>	
Salaries and benefits and other operating expenses	\$8,211,000
Preventive maintenance (for biennium)	\$763,000
<b>State Historic Sites</b>	
Salaries and benefits and other operating expenses	\$3,648,000
Preventive maintenance (for biennium)	\$850,000
CR&R (for biennium)	\$1,500,000

The bill provides that the State Budget Agency must transfer to the Corporation all appropriations contained in the budget appropriation for the DNR for the period beginning July 1, 2011, and ending June 30, 2013,

that were intended for the operation and improvement of the state museum and historic sites according to an allotment schedule.

Additionally, the Budget Agency must on July 1, 2011, transfer to the State Museum and Historic Sites Development Fund the following:

- (1) all money in the revolving fund of the Division of Museums and Historic Sites, State Museum Development Fund, and the State Museum Acquisition Fund); and
- (2) money in any other account intended for the use of state museums.

After June 30, 2011, all real property, personal property, and artifacts of the Division of State Museums and Historic Sites are transferred to the corporation. All powers, duties, assets, and liabilities of the DNR regarding the Division of State Museums and Historic Sites and artifacts are transferred to the corporation.

The DNR has 1,440 full-time positions and 1,397 intermittent positions. The current FY 2011 DNR Appropriations equaled \$55.8 M from the General Fund and \$74.4 M from Dedicated Funds. The proposed FY 2012 DNR appropriations equal \$46.3 M from the General Fund and \$ 67.8 M from Dedicated Funds. The DNR would not decrease support staff (accounting, legal, administrative staff) due to the transfer of the State Museum and Historic Sites to the Corporation.

*Board of Trustees.* The corporation is governed by a board of trustees that consists of 30 persons, of whom 13 voting members are to be appointed by the Governor and 12 voting members are to be appointed by the board. The chief executive officer, the governor or designee, a representative, a senator, and the DNR director or designee serve as nonvoting members. Each member of the board who is not a state employee is entitled to per diem and reimbursement for traveling expenses or other expenses actually incurred in connection with the member's duties. State employees are entitled to reimbursement for traveling expenses and other expenses. Legislators are entitled to receive per diem, mileage, and travel allowances. Per diem, mileage, and travel allowances must be paid from appropriations made to the Legislative Council or the Legislative Services Agency (LSA). Per diem and allowances for legislators are estimated at less than \$3,000 per year. The board must operate and maintain the State Museum and historic sites.

*State Museum and Historic Sites Corporation.* The bill establishes the State Museum and Historic Sites Corporation. The board must appoint an individual to serve as chief executive officer of the corporation. Employees of the corporation are not employees of the state. The corporation may employ or contract with consultants, attorneys, or other persons as are required in the judgment of the board and pay compensation from funds available to the board. The bill allows the board to develop a separate personnel system; if they choose not to do so, employees are to be subject to the state personnel system. The board is required to adopt a resolution providing that the corporation's employees who are eligible to participate in the Public Employees' Retirement Fund must participate in the fund. The board is also required to adopt a resolution to allow the corporation's employees to participate in group insurance and other benefit plans, including the state employees' deferred compensation plan, that are available to state employees. The board may hire, fix the compensation of, review the performance of, and dismiss, a chief executive officer who is the director of state museums; chief administrative officer of the corporation; and supervisor of the state museums' staffs and contractors. The chief executive officer may hire, fix the compensation of, review the performance of, and dismiss employees of the corporation.

*State Museum and Historic Sites Development Fund.* The corporation administers the fund. The corporation may invest the money in the fund not currently needed to meet the obligations of the fund in a manner consistent with investments allowed to be made by the Treasurer of State. Expenses of administering the fund

must be paid from the fund. The following must be deposited in the fund:

- (1) Proceeds from admission and user fees.
- (2) Sales at museum shops.
- (3) Facility rentals.
- (4) Restaurant sales.
- (5) Any other income generated by the state museums.
- (6) Gifts of money or the proceeds from the sale of gifts donated to the state museums.

All money accruing to the fund is appropriated continuously. Money in the fund at the end of a state fiscal year does not revert to the state General Fund.

Average attendance for the State Museum ranges from 367,000 to 415,000. Average admission ranges from \$392,000 to \$500,000.

*State Board of Accounts (SBA).* The state board of accounts must annually audit the corporation and the foundation. The SBA should be able to do so given its existing level of resources.

*Governor Frank O'Bannon Great Hall.* The chief executive officer of the museum must install and maintain appropriate public signage on and around the museum. The specific expense is unknown at this time.

*Memo of Understanding.* Requiring the executive officer of the corporation to enter into a memorandum of understandings with certain state agencies should not have a significant impact to the extent that such understandings already exist.

**Explanation of State Revenues:** *Indiana State Museum Foundation.* The board may establish a nonprofit subsidiary corporation, to be known as the Indiana State Museum Foundation, that may solicit and accept private funding, gifts, donations, bequests, devises, and contributions. The board may qualify the museum for federal and other aid to preserve historic property, materials, items, and memorials. The amount of revenue the board will qualify for is indeterminable. (The existing museum foundation has a board of trustees with 6 members and a board of directors with 21 members; however, no legislators are on the existing foundation boards.)

The foundation must use money received to carry out the purposes and programs of the State Museum and Historic Sites. The foundation is governed by a board of directors who are members of the board. Employees of the corporation must provide administrative support for the foundation. The amount of revenue that will be generated by the Foundation is unknown.

**Explanation of Local Expenditures:** *Penalty.* A person who knowingly or intentionally alters, without a permit, historic property located on property owned or leased by the state commits a Class B misdemeanor. If more defendants are detained in county jails prior to their court hearings, local expenditures for jail operations may increase. A Class B misdemeanor is punishable by up to 180 days in jail. The average daily cost to incarcerate a prisoner in a county jail is approximately \$44.

**Explanation of Local Revenues:** *Penalty.* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law

enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

**State Agencies Affected:** DNR, Department of Correction, Department of Transportation; Board of Accounts; Legislative Council, and LSA.

**Local Agencies Affected:** Circuit or Superior Court in Marion County, trial courts, local law enforcement agencies.

**Information Sources:** DNR; <http://www.indianamuseum.org/about/who/foun.html>; Indiana Sheriffs Association; and the Department of Correction.

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